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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 09/11/07

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Prime Minister's schedule, September 9 & 10

NIKKEI (Page 2) (Full)
September 11, 2007

Sept. 9

Morning

Met with Australian Prime Minister Howard at the Australian government office in Sydney. Held a joint press conference. Met with Mexican President Calderon at Shangri-La Hotel. Had a chat with Chinese President Hu Jintao without sitting down at Government House. Attended the APEC summit conference.

Noon Attended a summit luncheon.

Afternoon Released a summit declaration. Held a press conference with Japanese and foreign reporters at Hilton Hotel.

Night Left Sydney Airport aboard a government plane.

Sept. 10

06:09

Arrived at Haneda Airport.

06:46

Reported on his return home at Imperial Palace.

07:03

Arrived at Kantei residence.

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10:50

Met with Chief Cabinet Secretary Yosano at Kantei.

11:01

Attended a special cabinet meeting.

11:30

Attended a joint plenary meeting of LDP members of both Houses of the Diet in Diet, and afterwards attended a meeting of lawmakers.

12:02

Attended a Lower House plenary session.

12:13

Arrived at Kantei.

13:00

Attended the opening ceremony of an extraordinary Diet session at the Upper House Plenary Hall.

13:12

Arrived at Kantei.

14:02

Attended a Lower House plenary session.

14:52

Arrived at Kantei.

16:19

Met with Deputy Chief Cabinet Secretary Matoba.

17:03

Attended an LDP executive meeting in Diet. Afterwards, met with Secretary General Aso.

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17:53

Arrived at Kantei.

18:27

Met with Prime Ministerial Advisor Nakayama.

18:53

Arrived at Kantei residence.

4) New antiterror legislation eyed for refueling only

YOMIURI (Page 1) (Full)
September 11, 2007

The government and the ruling parties decided yesterday to introduce

a new legislative measure to the Diet stipulating a clause allowing Japan to continue the Maritime Self-Defense Force's current task of supplying foreign naval vessels with fuel and water in the Indian Ocean, instead of extending the Antiterrorism Special Measures Law. The current antiterror law requires the government to ask the Diet for its approval after sending out the Self-Defense Forces. The new legislation will not stipulate this requirement of ex post facto approval from the Diet. Instead, the legislation will limit SDF activities to fuel and water supply only. The legislation, after enacted into law, will be valid for one year. The government and the ruling coalition of the Liberal Democratic Party and New Komeito

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will finalize a draft of the legislation late this month. In the Diet, the House of Councillors, in which the opposition bench currently holds a majority of the seats, may vote down the legislation. In that case, the ruling coalition will pass it again in the House of Representatives by a majority of two-thirds or more.

In the Indian Ocean, naval vessels from foreign countries-including the United States, Britain, and Pakistan-are on stage to block terrorists from trafficking weapons, drugs, and money. To assist their maritime interdiction operations (MIO) there, the MSDF has been supplying them with fuel and water.

The new legislation allows tasking the MSDF with refueling and water supply activities in order to continue the MSDF's mission in the Indian Ocean. The current antiterror law incorporates search and rescue operations as well as disaster relief operations. The new legislation will not incorporate these activities.

The new legislation limits the MSDF's activities. The newly planned law is to be valid for a period of one year. The ruling coalition will regard the Diet's voting on the bill as its approval and will not stipulate ex post facto approval. However, some ruling party lawmakers say the government should report to the Diet on its SDF dispatch. The government and the ruling parties will coordinate on the matter.

Furthermore, the DPJ may focus on measures for humanitarian assistance to Afghanistan. In this case, the government and the ruling coalition will consider incorporating the DPJ's standpoint in the new legislation.

The government and the ruling coalition plan to present the new legislation to the Diet in late September. They want to get it through the House of Representatives at an early date and send it to the House of Councillors.

However, the DPJ does not approve of refueling itself and is expected to vote against the new legislation. The Diet will likely face rough going in its deliberations.

Antiterrorism Special Measures Law and new legislation compared

Current law New legislation

Activities Cooperation to back up foreign forces through fuel and water supply services, search and rescue operations, disaster relief operations. SDF activities limited to fuel and water supply services for foreign vessels.

Diet role Diet approval required after starting SDF activities. If disapproved, SDF activities must be terminated without delay. Diet approval not required.

Duration Enacted as a time-limited law valid for 2 years. Extended in 2003 for another 2 years. Reextended in 2005 and 2006 for 1 year each. Likely to be valid for 1 year.

5) If new legislation to continue refueling mission rejected in Upper House, Government, ruling coalition eye re-approval in Lower House

MAINICHI (Top play) (Excerpts)
September 11, 2007

In order to continue the Maritime Self-Defense Force's refueling mission in the Indian Ocean to support the reconstruction of Afghanistan, the government and ruling camp decided yesterday to submit to the extraordinary Diet session a bill creating new legislation to replace the current Antiterrorism Special Measures Law in order to get it re-approved by the Lower House, even if it is rejected by the opposition-controlled Upper House. In the meanwhile, the major opposition Democratic Party of Japan remains adamantly opposed to an extension of the MSDF mission. DPJ President Ichiro Ozawa, who will not respond to Prime Minister Shinzo Abe's call for talks, intends to ask for a party-head debate at the Diet.

The Antiterrorism Law expires November 1, the government, however, does not intend to stick to its expiry. Even if the MSDF mission was terminated temporarily, the government plans to redeploy troops based on the envisaged new law to obtain the understanding of the United States.

Cautious views were heard in the ruling camp about obtaining re-approval in the Lower House, one senior LDP lawmaker saying: "It is not easy to overturn the rejection of a bill by the Upper House." On September 9, the prime minister expressed his willingness to step down in the event he failed to get Diet approval for the legislation designed to extend the refueling mission. Given the slim chance for the DPJ to change its mind, he also decided to aim at re-approval in the Lower House.

Chief Cabinet Secretary Kaoru Yosano in a press conference yesterday made the following comment about the situation in which the envisaged bill was voted down in the Upper House: "The Constitution stipulates that a bill which is passed by the Lower House, and upon which the Upper House makes a decision different from that of the Lower House, becomes a law when passed a second time by the Lower House by a two-thirds majority. There is no need to make a big fuss about it."

There is a high likelihood that the bill will be presented to the Diet before the end of this month and passed by the Lower House in early October with a majority vote of the ruling parties and then sent to the Upper House. If the opposition camp tries to prolong Upper House deliberations and the chamber cannot take a vote, the ruling camp would aim for re-approval in the Lower House by applying the "60-day rule" in the Constitution. With such developments in mind, the government and ruling camp are considering extending the Diet session until November 10.

The DPJ is reacting furiously to such a move of the government and ruling camp as neglecting the Upper House. At the same time, fearing that simply rejecting a party-head meeting would result in public criticism, the DPJ has decided to call for a public debate.

6) DPJ to submit bill to rescind Iraq Special Measures Law

MAINICHI (Page 2) (Full)
September 11, 2007

The Democratic Party of Japan (DPJ) decided yesterday to submit to the current Diet session a bill designed to rescind the Iraq Humanitarian Reconstruction Support Special Measures Law. The aim is to immediately withdraw the Self-Defense Force (SDF) troops now engaged in operations in Iraq. The Abe administration gives top priority in its foreign policy to the humanitarian reconstruction

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operations in Iraq, as well as the Maritime Self-Defense Force's refueling mission. The main opposition party aims to play up its stance of confronting the government and ruling parties by rejecting both missions, which the prime minister gives priority to in light of international contributions and strengthening the Japan-United States alliance.

DPJ President Ichiro Ozawa and other senior members yesterday conferred on the party's basic approach in the current Diet session

and decided to submit the bill to the House of Councillors. The refueling operations (in the Indian Ocean) based on the Antiterrorism Special Measures Law are intended to assist Afghanistan, but some have contended that the US vessels refueled by the MSDF are actually carrying out operations in Iraq. The DPJ is also aiming to attack the government by linking the Antiterrorism Law to Iraq.

A bill amending the Iraq Special Measures law to extend the law by another two years was enacted in the ordinary Diet session this year. The Air Self-Defense Force has been transporting goods and personnel.

7) DPJ hardening stance in reaction to prime minister's statement on extension of Antiterrorism Special Measures Law: Ruling party members beginning to refer to possible Diet dissolution

ASAHI (Page 2) (Almost full)\
September 11, 2007

Apart from what he really meant, the prime minister's Diet speech carries special weight. Prime Minister Miyazawa in the past declared that he would carry out political reform. However, his failure to do so led to the adoption of a no-confidence motion against his cabinet. As can be seen in this instance, strong words have a greater fatal risk.

Diet Affairs Committee Chairman Tadamori Oshima, who is serving as the central command of the Liberal Democratic Party's (LDP) Diet strategy, yesterday told reporters, "The prime minister expressed a very strong resolve. He made that statement out of the desire to have the public understand the important meaning of the issue and the ruling camp pursue intensive discussions." He indicated his determination to do his utmost to secure Diet passage for the bill amending the Antiterrorism Special Measures Law. Another senior member of the LDP Diet Affairs Committee noted, "Upon hearing the prime minister's statement, I felt how I should take it. Anyhow, I must undertake the job with resolution."

Following the prime minister's statement, the atmosphere is permeating among government and ruling party officials that if the prime minister is determined to take the leap, everyone will all have to do the same with great resolution, as Health, Labor and Welfare Minister Masuzoe put it. One of the three party executives said, "I think that the prime minister's statement was premature and inappropriate. However, it has moved the situation one step forward."

However, the prime minister's firm determination is ironically making the Democratic Party of Japan (DPJ), whose cooperation he needs, harden its attitude. DPJ Chairman Ozawa during a liaison council meeting of party executives held in the Diet yesterday gave a pep talk, indicating a negative view toward the possibility of

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talks between the ruling and opposition camps. He said, "We cannot jump at the ruling camp's proposal with thinking and ideals that are different from ours, even if it is modified." Defense Minister Keiichiro Asao of the Next Cabinet, who is in charge of this issue, categorically said, "There will be no change in the way the DPJ will fight."

The widely-held view in the DPJ is that the prime minister's statement is intended to shift the blame for a possible failure to continue Maritime Self-Defense Force's refueling operations in the Indian Ocean onto the DPJ. Secretary General Yukio Hatoyama told reporters, "The idea is to generate international criticism if our party opposes an extension of the Antiterrorism Special Measures Law, and to continue the operations under a new law. Diet Affairs Committee Chair Kenji Yamaoka during a lawmakers meeting pointed out, "The LDP intends to spread the propaganda that the DPJ has no power left to run the government."

Amid a battle in which neither side is showing any sign of making concessions, some ruling party members have begun to make statements with the prime minister's resignation, a dissolution of the Lower

House and a general election in mind.

8) Poll: Cabinet support at 29 PERCENT ; 29 PERCENT for MSDF mission, 39 PERCENT against

YOMIURI (Page 1) (Abridged)
September 11, 2007

The support rate for Prime Minister Abe's cabinet was 29.0 PERCENT , the Yomiuri Shimbun found from its face-to-face nationwide public opinion survey conducted Sept. 8-9. The nonsupport for the Abe cabinet was 60.7 PERCENT . The support rate was up 1.8 percentage points from a previous face-to-face survey taken in early August after the election for the House of Councillors. The nonsupport rate was down 3.0 points. However, the support rate was lower than 30 PERCENT for the second month in a row.

In late August, Abe shuffled his cabinet. Abe appointed heavyweights to cabinet posts, involving leaders from his ruling Liberal Democratic Party's factions. In a telephone-based survey conducted right after the cabinet shuffle, his cabinet's support rate rose to 44.2 PERCENT out of expectations for his cabinet's new lineup, topping the nonsupport rate (36.1 PERCENT). The results of previous polls and the one taken this time cannot be simply compared due to different polling methodologies. In the survey this time, however, the cabinet support rate fell. This can be taken as reflecting public disappointment at the new cabinet due in part to Agriculture, Forestry and Fisheries Minister Takehiko Endo's resignation over his money scandal.

In the breakdown of public support for political parties, however, the LDP rose to 29.3 PERCENT , up 3.5 points from the August survey. The leading opposition Democratic Party of Japan (Minshuto) was at 20.9 PERCENT , down 6.0 points.

In the survey this time, respondents were also asked about the advisability of extending the Maritime Self-Defense Force's mission in the Indian Ocean under the Antiterrorism Special Measures Law to continue the MSDF's refueling activities there. In response to this question, affirmative answers accounted for 29 PERCENT , with negative answers at 39 PERCENT . The proportion of those who "can't

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say which" also rose to 29 PERCENT . There also seem to be many people who want to make their judgment after seeing Diet deliberations from now on.

9) Prime minister's remark "I will stake my job on extending MSDF mission" sets off confusion in ruling parties

YOMIURI (Page 4) (Full)
September 11, 2007

Prime Minister Abe's remark hinting that he would stake his job on extending the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean set off confusion in the ruling camp yesterday. Members wonder what prospects the prime minister has in mind for progress on legislation in the current extraordinary Diet session. If a new bill governing the extension of the MSDF refueling mission is not passed into law, the political situation will inevitably be thrown into confusion.

Speaking before reporters last night, Liberal Democratic Party Secretary General Aso stressed that the prime minister's remark was

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intended to encourage the government and the ruling camp to have the bill pass the Diet. He said: "I interpret (the prime minister's remark) as saying, 'Aso, don't let up and do your best.' (I) conveyed (the implication of the prime minister's remark) to (Diet Affairs Committee Chairman Tadamori) Oshima and (Chief Cabinet Secretary) Yosano."

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A senior member of the Machimura faction also said: "The prime

minister expressed his determination to deal with the issue with an unwavering resolve. He probably has confidence in having the bill pass the Diet."

In the House of Councillors, the opposition camp holds a majority, and the Democratic Party of Japan (DPJ) has been dead set against the continuation of the MSDF refueling mission. Under such a situation, members in the government and the ruling parties anticipate that the new bill is likely to be rejected in the Upper House. Keeping such a possibility in mind, an increasing number of members have begun to take the view that the government should aim at enacting the bill by means of readopting the bill in the House of Representatives. Aso also said: "(Passing the bill again in the Lower House) might be an option."

Some ruling-party members responsible for Diet affairs are of the opinion that whether the bill could be brought back into the Lower House for a revote will depend on public support. Many people do not support the government's plan to extend the MSDF refueling mission. They fear that if the ruling camp rams through the bill over the objections of the opposition bloc by means of re-adoption in the Lower House, the public might negatively react to the ruling camp, calling its approach forcible.

A senior member of the New Komeito said: "Regarding the MSDF refueling operations, disapproval outnumbers approval. Unless the disapproval rate closes in on the approval rate, it might be difficult to take the re-adoption approach."

In the ruling parties, some take the view that if the government fails to pass the bill, it will unavoidably develop into the issue of whether the prime minister should step down, as shown by former Secretary General Koichi Kato's remark: "With his controversial

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remark, the prime minister now faces a fight."

In a meeting of the Tanigaki faction yesterday, one member said: "The prime minister might decide to dissolve the Lower House in desperation, instead of stepping down." The issue of whether to extend the MSDF refueling mission is now likely to develop into a "post-Abe" issue.

10) Abe in keynote address does not much mention "beautiful country"

TOKYO SHIMBUN (Page 2) (Full)
September 11, 2007

Kei Sato

In his keynote address yesterday, Prime Minister Abe emphasized the need to remove the gaps between rural and urban areas and deal with politics-and-money scandals, which were seen as reasons for the defeat in the July Upper House election, more strongly than ever instead of highlighting his pet theories like building "a beautiful country" and allowing the use of the right to collective self-defense, both of which he had advocated since taking office as prime minister. He was apparently forced to be humble because of the reversal of positions between the ruling and opposition parties in the Upper House, which is now under the opposition bloc's control.

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Compared to his policy speech in January of this year, it is obvious that Abe shifted his policy stance.

Evidence of this was found in how often he mentioned his favorite term "a beautiful country."

In the January policy speech, Abe used that term seven times and declared his resolve to keep his administration in power for a longer period. But in the policy speech this time he did not use the term even once except in the conclusion.

On the question of allowing the exercise of the right to collective self-defense, the blue-ribbon panel of experts established and led by Abe is to come up with a conclusion by November, but Abe did not mention this question at all in the speech.

On tax system reform, including the consumption tax, Abe in his policy speech had indicated his intention to put together a specific proposal "by fiscal 2007," but in yesterday's keynote address, he did not indicate any target fiscal year, in effect delaying coming up with a conclusion in fiscal 2008 or after.

Now that the foundations of his government have been weakened as a result of the crushing defeat in the Upper House election, Abe was apparently unable to work out any direction about whether to allow the use of the right to collective self-defense and whether to hike the consumption tax, because the opposition parties and some in the ruling bloc are opposed to or cautious about allowing the use of that right and hiking the consumption tax.

In the policy speech, Abe did not use the term "gaps in rural and urban areas," but in the speech yesterday, he emphasized: "I will sincerely lend my ear to local urgent voices expressing their concerns about the gaps and their futures."

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On "money-and-politics" scandals, Abe indicated his enthusiasm to amend the Political Funds Control Law, which had been modified in the previous regular Diet session, in order to further improve transparency.

11) Prime Minister Abe skips lines about 2008 G-8 summit in policy speech at Upper House

YOMIURI (Page 4) (Full)
September 11, 2007

Prime Minister Shinzo Abe skipped several lines about the G-8 summit, which Japan will host next July in the Lake Toya hot-spring resort area in Hokkaido, in his policy speech yesterday at the plenary session of the House of Councillors.

In the lines he skipped, Abe stressed his determination to continue to display at the G-8 summit leadership in addressing global warming. Some opposition lawmakers jeered the prime minister, with one saying "You are skipping the summit." But Abe ended his speech without taking notice of it.

After the plenary session, Chief Cabinet Secretary Kaoru Yosano told Upper House Steering Committee Chairman Takeo Nishioka that Abe made a simple mistake. Since the part Abe skipped was not entered in the minutes, Nishioka reportedly suggested that Abe reread his policy speech. The government and ruling coalition also are arranging a schedule for the prime minister to deliver his policy speech again on Sept. 13.

According to the Upper House Secretariat, former Prime Ministers Kakuei Tanaka and Zenko Suzuki skipped some part of their policy speeches at the Upper House plenary session.

12) New Komeito critical of prime minister's keynote address

TOKYO SHIMBUN (Page 2) (Full)
September 11, 2007

Prime Minister Abe's keynote address met with criticism even from some in the ruling parties. They pointed out a lack of explanations and a lack of punch in the speech. This fact gave the impression that Abe does not enjoy the control he had before. The opposition parties were all critical of his address.

The junior coalition partner New Komeito's Representative Akihiro Ota, giving heed to Abe's statement that "I will stake my post" on an extension of the Antiterrorism Special Measures Law, noted: "I think he needed to take more time to explain that law and convince the opposition bloc." Speaking of the "politics-and-money scandals"

part in the address, Ota made this critical remark: "He should have shown his strong determination when he said he had reflected on them. It's important for him to show an attitude considering the public's feelings."

The major opposition Democratic Party of Japan's Secretary General Yukio Hatoyama made this harsh criticism of Abe's address: "There was nothing that impressed me. There was no self-reflection." The Japanese Communist Party's Chairman Kazuo Shii noted: "He needs to reflect on his approaches to the pension issue and the gaps between rural and urban areas, but there was no self-reflection." The Social

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Democratic Party's Chairperson Mizuho Fukushima criticized the speech: "I was flabbergasted by his speech because he still mentioned a beautiful country and a departure from the postwar regime." The People's New Party's Representative Tamisuke Watanuki commented: "It was no more than listing empty words. It lacked soul."

13) Jiji poll: 15 LDP prefectural chapters expect replacement of Prime Minister Abe

TOKYO SHIMBUN (Page 2) (Full)
September 11, 2007

Jiji Press found yesterday through its poll that 15 prefectural chapters of the Liberal Democratic Party, which account for one-third of the entire LDP chapters, expected the replacing of the prime minister, noting they won't be able to fight the next House of Representatives election under Prime Minister Shinzo Abe. Of the 15 prefectural chapters, ten named Secretary General Taro Aso as the most suitable person to be the successor to Abe.

Jiji conducted the poll on Sept. 5-9 toward the secretaries general of the 47 prefectural chapters. It received replies from all the chapters, including replies by general council chairmen.

Toward a question whether they would be able to fight the next Lower House election under Abe's leadership, the 15 chapters, including the prefectures of Toyama, Shizuoka, Hyogo, and Okayama, answered that Abe should be replaced. One of the reasons was that Abe did not take seriously the party's defeat in the Upper House election and they won't be able to get public understanding if they fight the next Lower House race under Abe.

When asked who would be the most appropriate person to serve next prime minister, ten prefectures, including Fukuoka, Wakayama, Kagawa, and Okinawa, said Aso.

14) "Koizumi children" unite to oppose reinstatement of Hiranuma

NIKKEI (Page 2) (Full)
September 11, 2007

The Liberal Democratic Party's (LDP) will likely allow Takeo Hiranuma, who left the party in opposition to the government's postal-privatization program, to rejoin the party. With this connection, a move is afoot in the LDP reacting negatively toward the party's policy, with one member saying, "It means a rejection of former Prime Minister Junichiro Koizumi's structural reform drive." The lawmakers raising objections are those who are serving in their first term in the Diet since they were elected the Lower House election two years ago. They are called "Koizumi children." They formed yesterday a study group opposing the reinstatement of Hiranuma, intensifying criticism against Prime Minister Shinzo Abe's correction of the reform policy line.

The group held its first meeting yesterday in the Diet building. A total of 12 lawmakers, including Masaaki Taira and Koichi Yamauchi, attended the meeting. Yamauchi stressed in the session: "I feel now that the party is gradually going back to the old LDP." They appear to seek to constrain the move of changing the policy line.

The group will focus on the Hiranuma issue for the time being. In

yesterday's meeting, Jiro Ono, Yasuhiro Nakagawa, and Shika Kawajo raised their objections to Hiranuma's reinstatement. There was strong backlash against the reinstating of former lawmakers, who lost their Lower House seats in opposition to postal privatization, since many of them compete in the same constituencies with "Koizumi children."

15) Securities authorities of Japan, US and Asian nations to investigate rating companies: Strengthening voluntary international rules also eyed

NIKKEI (Page 1) (Excerpts)
September 11, 2007

The problem caused by subprime loans targeting individual borrowers with low creditworthiness in the US has given rise to criticism of credit rating companies. In this connection, it was learned on Sept. 10 that securities officials of Japan, the US, European and Asian countries will launch a joint fact-finding survey of rating companies. Major rating companies in the world, including Japan, will be invited to a meeting of the International Organization of Securities Commissions (IOSCO) to be held in Washington in September, joined by securities officials of concerned countries. They will hear how they rate securitized commodities and what system they adopt in doing so.

Another aim of securities officials of leading companies falling in step on this issue is to show their determination to settle the subprime loan issue. During the planned meeting, they will look into the possibility of strengthening international voluntary rules adopted by rating companies. Their discussion will also be used as materials for discussion on the propriety of adopting global rules.

SCHIEFFER